Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014

Message Text

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PAGE 01 JIDDA 02922 200424Z
ACTION NEA-10

INFO OCT-01 EUR-12 EA-10 ISO-00 SOE-02 AID-05 CEA-01
CIAE-00 COME-00 DODE-00 EB-08 DOE-15 H-01 INR-10
INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-05 ICA-11
OES-07 SP-02 SS-15 STR-07 TRSE-00 ACDA-12 /148 W
----------093842 200426Z /75/75
R 181243Z APR 78
FM AMEMBASSY JIDDA
TO SECSTATE WASHDC 1755
INFO AMEMBASSY ABU DHABI
USINT BAGHDAD
AMEMBASSY BRUSSELS
AMCONSUL DHAHRAN
AMEMBASSY DOHA
AMEMBASSY KUWAIT
AMEMBASSY LONDON
AMEMBASSY MANAMA
AMEMBASSY TEHRAN
AMEMBASSY TOKYO

C O N F I D E N T I A L JIDDA 2922

C O R R E C T E D C O P Y (CHANGE MRN TO READ 2922 ;8:3 2921)

BRUSSELS FOR USEEC

E.O. 11652: GDS
TAGS: ENRG, SA
SUBJECT: COMMENTS BY SAUDI OFFICIALS ON SAG OIL POLICIES

1. IN COURSE OF MEETINGS WITH NATIONAL WAR COLLEGE GROUP, MINISTER OF PETROLEUM ZAKI YAMANI AND MINISTER OF PLANNING HISHAM NAZER MADE SEVERAL STATEMENTS WHICH HELP ILLUMINATE SAG OIL POLICIES.

2. WHEN ASKED WHETHER SAUDI ARABIA WOULD EXPAND
CONFIDENTIAL

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PAGE 02 JIDDA 02922 200424Z

PRODUCTION TO 16 MILLION B/D BY 1985, YAMANI SAID HE HAD SEEN REPORTS THAT THIS COULD BE AMOUNT OF PRODUC-TION NEEDED FROM SAUDI ARABIA, BUT HE THOUGHT THAT THESE REPORTS EXAGERATED REQUIREMENTS. HE THEN ADDED THAT "EVEN IF YOU NEED THAT MUCH, YOU WILL NOT GET IT". COMMENT: THIS IS THE BLUNTEST STATEMENT WE HAVE HEARD FROM SAG THAT FUTURE SAUDI PRODUCTION

Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014

Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014

INCREASES WILL BE LIMITED. END COMMENT.

3. ASKED HOW DECISIONS ARE MADE WITHIN SAG ON PRODUCTION, YAMANI SAID THESE DECISIONS ARE MADE BY PETROLEUM COUNCIL ON BASIS OF EXPECTED WORLD DEMAND, RATE OF DEPLETION AND LIFE SPAN OF SAUDI RESOURCES, AND NEEDS OF FUTURE GENERATIONS IN SAUDI ARABIA.

4. IN DISCUSSING DOLLAR, YAMANI MADE USUAL SAG DISTINCTION BETWEEN OIL PRICING AND OIL PAYMENT. HE SAID THAT AS FAR AS PAYMENT WAS CONCERNED, THERE WAS NO OTHER CURRENCY THAT CAN BE USED. IN FACT, NO OTHER COUNTRY WOULD AGREE TO HAVING ITS CURRENCY USED FOR THIS PURPOSE. IF MARK OR YEN WERE USED, THEN VALUE OF THAT CURRENCY WOULD BE IMMEDIATELY DOUBLED. PRICING IS ANOTHER MATTER. IF CURRENCY BASKET IS USED FOR THAT PURPOSE, DOLLAR PRICE WOULD DEPEND ON VALUE OF DOLLAR IN BASKET. HE REVIEWED EARLIER INDEXATION EFFORTS (GENEVA I AND II), BUT AVOIDED GIVING ANY INDICATION OF SAG'S CURRENT POSITION OR POSITION OF ITS OPEC PARTNERS.

5. PLANNING MINISTER NAZER TOLD GROUP, IN RESPONSE AREA, THAT SAG BELIEVES THAT INTERNATIONAL COMPANIES SHOULD BUILD ALL THEIR FUTURE PETROCHEMICAL PLANTS
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IN PRODUCING AREAS, PARTICULARLY IN THE GULF. HE SAID SAG BELIEVES MARKET WILL SUPPORT NEW PLANTS BY 1983, AND THAT THERE WILL BE SHORTAGE OF PETRO-CHEMICAL CAPACITY AFTER 1986.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: EXPORTS, PETROLEUM PRODUCTS, FOREIGN POLICY POSITION, PRICES
Control Number: n/a
Copy: SINGLE
Draft Date: 18 apr 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978JIDDA02922
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Expiration:
Film Number: D780168-0804
Format: TEL
From: JIDDA
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Line Count: 99
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Litigation History:
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Office: ACTION NEA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
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Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 23 jun 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2935947
Secure: OPEN
Status: NATIVE
Subject: COMMENTS BY SAUDI OFFICIALS ON SAG OIL POLICIES
TAGS: ENRG, SA
To: STATE
Type: TE
vdkvgwkey: odbc://SAS/SAS.dbo.SAS_Docs/3a9807ac-c288-dd11-92da-001cc4696bcc
Review Markings:
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EO Systematic Review
20 Mar 2014
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